

[Translation for reference only]

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Translation



April 25, 2024

Consolidated Financial Results for the Six Months Ending September 30, 2024 (Under Japanese GAAP)

Company name: **Mitsubishi Research Institute, Inc.**
Listing: Prime Market of the Tokyo Stock Exchange
Securities code: 3636
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Scheduled date to submit Quarterly Securities Report: April 26, 2024
Scheduled date to commence dividend payments: June 7, 2024
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the six months ending September 30, 2024 (from October 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
March 31, 2024	66,534	(9.3)	8,601	(7.4)	9,341	(5.0)	6,212	(4.9)
March 31, 2023	73,325	7.4	9,291	(0.2)	9,836	(1.8)	6,533	(16.1)

Note: Comprehensive income For the six months ended March 31, 2024: ¥7,206 million [(1.1%)]
For the six months ended March 31, 2023: ¥7,289 million [(7.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
March 31, 2024	391.17	—
March 31, 2023	404.40	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of			
March 31, 2024	130,392	79,290	54.0
September 30, 2023	118,009	74,385	55.8

Reference: Equity (Net assets – Non-controlling interests)
As of March 31, 2024: ¥70,443 million
As of September 30, 2023: ¥65,800 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	—	75.00	—	75.00	150.00
Fiscal year ending September 30, 2024	—	80.00			
Fiscal year ending September 30, 2024 (Forecast)			—	80.00	160.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Fiscal year ending September 30, 2024	118,000	(3.4)	8,400	(3.3)	10,000	(0.0)	6,400	1.8	402.45

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting in preparing consolidated quarterly financial statements: Yes

Note: For details, please refer to “2. Consolidated financial statements and significant notes thereto (4) Notes to consolidated financial statements (Application of special accounting in preparing consolidated quarterly financial statements)” on page 11 of the attached materials

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- a. Changes in accounting policies due to revisions to accounting standards and other regulations : None
- b. Changes in accounting policies due to other reasons : None
- c. Changes in accounting estimates : None
- d. Restatement of prior period financial statements after error corrections : None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	16,424,080 shares
As of September 30, 2023	16,424,080 shares

b. Number of treasury shares at the end of the period

As of March 31, 2024	683,442 shares
As of September 30, 2023	521,629 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	15,882,228 shares
Six months ended March 31, 2023	16,155,650 shares

* Quarterly results are not subject to quarterly review by a certified public accountant or the auditing firm.

* Appropriate use of business forecasts; other special items

(Caution regarding forward-looking statements, etc.)

The earnings forecast is made based on information available at the time of publication of this document. The Company does not guarantee that it will achieve the forecast results. Actual sales and profits may differ from the forecast results due to uncertainties inherent in the forecast and changes in business conditions, among other factors.

(Availability of supplementary material on financial results)

The supplementary material for quarterly results is posted on the Company’s website.

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1. Qualitative information regarding settlement of accounts for the six months

(1) Explanation regarding operating results

During the first half of the current fiscal year (October 1, 2023 to March 31, 2024), the global economy is in a gradual deceleration trend. In the U.S. and European economies, the impact of demand suppression due to existing monetary tightening has intensified, but discussions have begun on rate cuts as the certainty of achieving the inflation target has increased. The Chinese economy has been supported by the government's expansion of fiscal spending, but the pace of economic recovery has remained slow due to the prolonged slump in the real estate market, which accounts for a large share of GDP.

Japan's economic recovery is at a standstill due to continued restraint on consumption caused by high prices, as well as the Noto Peninsula earthquake and the automobile certification fraud issue. On the other hand, capital investment plans of Japanese companies remain strong, and foreign companies continue to expand investment, as evidenced by their announcements of investment in Japan in semiconductors, data centers, and other related areas. There are also some encouraging signs, such as the rate of wage increase in the "spring wage offensive," which exceeded 5% according to JTUC-RENGO's tally. In light of this situation, the BOJ confirmed the virtuous cycle between wages and prices, lifted the negative interest rate, and raised the policy interest rate for the first time in 17 years. In addition, the government continues to strengthen its DX/GX(*), AI-related initiatives, etc. Furthermore, measures to improve our country's resilience in light of successive natural disasters are also expected to progress.

Given these social and business conditions, MRI's management philosophy can be summarized as "striving to continually envision a desirable future, resolve societal issues, and lead change in society to co-create a prosperous, sustainable future."

The fiscal year under review is the first year of the Medium-Term Management Plan 2026 ("MP2026"). Under MP2026, we aim to enhance the three values of financial, non-financial, and social value in accordance with the MRI Group's management philosophy, as well as to scale up through growth of the DX business, improving profitability through quality reform of core businesses, and accelerating the transformation of our business portfolio by fostering and expanding next-generation businesses.

In particular, in terms of business strategy, we have defined strategic domains in the three business axes of "Societal and Public Innovation," "Digital Innovation," and "Financial System Innovation," and we are strengthening collaboration among our group companies to actively promote national government DX for the public sector, support combining DX consulting and cloud migration and digital marketing incorporating big data analysis for the private sector, and expand business areas and customer segments for the financial sector.

In the first half of the fiscal year under review, which is the first year under MP2026, MRI has worked to deepen external understanding of the plan through shareholders' meetings and dialogues with investors. In addition, we have reorganized and edited the information we have considered in formulating MP2026 and disclosed it in accordance with the Tokyo Stock Exchange's "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."

On the business front, initiatives in strategic areas have started smoothly, and we are steadily building up a track record in the DX, GX, and environmental energy fields, including the development of AI-based services, as well as in medical and healthcare-related fields. During the six months under review, these efforts resulted in achievements such as government-related digitalization promotion, cloud and telecommunication/broadcasting-related projects, as well as projects related to promoting and supporting DX at private-sector companies and smart mobility. We are also making upfront investments to transform our business portfolio toward the realization of MP2026. In addition, pressure to increase expenses is mounting due to such factors as higher personnel costs resulting from base increases amid a trend toward a virtuous cycle of rising prices and wages. The Group is working to secure and increase appropriate profits by passing on appropriate prices and further improving the added value it provides to customers.

As a result, we achieved net sales of 66,534 million yen (down 9.3% year on year), operating profit of 8,601 million yen (down 7.4% year on year), ordinary profit of 9,341 million yen (down 5.0% year on year), and profit attributable to owners of parent of 6,212 million yen (down 4.9% year on year) for the MRI Group in the first half of the fiscal year under review.

(*) GX: Green Transformation. Refers to a transition from a fossil-fuel centered economy, society, and industrial structure to one that is centered on renewable energy, resulting in a transformation of the overall socio-economic system.

The results in each segment are as follows.

<Think Tank & Consulting Services>

Net sales (sales to outside clients) in the first half of the current fiscal year amounted to 30,433 million yen (down 16.0% year on year) due to the completion of several large telecommunication-related demonstration projects and other projects that were recorded in the first half of the previous fiscal year. These large projects accounted for a high proportion of outsourcing costs, etc., and the profit impact of the revenue decline was limited. On the other hand, ordinary profit was 6,233 million yen (up 2.1% year on year), due to sales increase from the review of analog regulations and digitalization by government agencies, broadcasting, telecommunications, healthcare-related businesses, and systems and business strategy support-related operations for energy, transportation, and IT-related companies.

<IT Services>

In the first half of the period under review, net sales (sales to outside clients) decreased 2.7% year on year to 36,101 million yen and ordinary profit decreased 16.7% to 3,104 million yen due to the impact of lower sales in the finance and credit card sectors, despite growth in system renewal projects in the industrial and public sectors.

(2) Explanation regarding financial position

1) Financial condition

Total assets at the end of the first six months under review increased by 12,383 million yen (up 10.5%) from the end of the previous fiscal year to 130,392 million yen. Of which, current assets stood at 81,396 million yen (up 14.4% year on year) and non-current assets were 48,996 million yen (up 4.6% year on year). The increase in current assets was chiefly the result of an increase in notes and accounts receivable - trade, and contract assets of 24,822 million yen despite a decline in cash and deposits of 14,460 million yen for seasonal factors. The increase in fixed assets was due to the acquisition of software and the mark-to-market valuation of investment securities.

Liabilities rose 7,478 million yen (up 17.1%) from the end of the previous fiscal year to 51,102 million yen, chiefly reflecting an increase in accounts payable - trade of 7,187 million yen due to a seasonal factor.

Net assets rose 4,905 million yen (up 6.6%) from the end of the previous fiscal year to 79,290 million yen, chiefly due to an increase in retained earnings.

2) Cash flows

Cash and cash equivalents at the end of the first six months of the fiscal year under review fell 14,460 million yen from the end of the previous fiscal year to 10,466 million yen. Cash flows in each category in the first six months and major factors are as follows:

(Cash flows from operating activities)

Cash used in operating activities stood at 7,983 million yen (cash used of 13,059 million yen in the same period of the previous fiscal year). This was chiefly the result of profit before income taxes of 9,254 million yen, an increase in trade receivables and contract assets of 24,822 million yen due to a growth in sales and orders and seasonal factors, and an increase in trade payables of 7,188 million yen. Many projects of the Group are completed in March and April, and expenses are posted ahead of revenue for the second half of the FY. As a result, cash flows from operating activities tend to be in negative.

Compared to the same period of the previous fiscal year, cash outflows decreased by 5,076 million yen, mainly due to a decrease of 4,491 million yen in trade payables, which was partially offset by an increase of 7,358 million yen due to a decrease in trade receivables and contract assets, following the completion of large-scale demonstration projects, etc. in the previous fiscal year.

(Cash flows from investing activities)

Cash used in investing activities stood at 3,506 million yen (cash used of 2,920 million yen in the same period of the previous fiscal year). This is chiefly attributable to the purchase of property and equipment of 1,152 million yen, and purchase of intangible assets of 1,335 million yen.

Compared to the same period of the previous fiscal year, expenditures increased by 6,426 million yen, mainly due to a 5,000 million yen decrease in proceeds from redemption of marketable securities and a 938 million yen increase in payments for lease and guarantee deposits.

(Cash flows from financing activities)

Cash used in financing activities stood at 2,968 million yen (cash used of 4,061 million yen in the same period of the previous fiscal year). The breakdown were cash dividends paid of 1,203 million yen and purchase of treasury shares of 1,034 million yen.

Compared to the same period of the previous fiscal year, cash used decreased by 1,093 million yen, chiefly due to a decrease in purchase of treasury shares of 849 million yen.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

There are no revisions to the consolidated earnings forecast announced on October 31, 2023.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated quarterly balance sheets

(million yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	25,226	10,766
Notes and accounts receivable - trade, and contract assets	42,776	67,599
Inventories	342	423
Other	2,808	2,607
Allowance for doubtful accounts	(0)	(0)
Total current assets	71,154	81,396
Non-current assets		
Property and equipment		
Buildings and structures, net	6,437	7,997
Machinery, equipment and vehicles, net	186	70
Tools, furniture and fixtures, net	1,631	1,416
Land	720	720
Leased assets, net	1,281	1,172
Construction in progress	1,856	433
Total property and equipment	12,114	11,810
Intangible assets		
Software	4,524	5,030
Leased assets	124	11
Other	1,604	1,731
Total intangible assets	6,253	6,773
Investments and other assets		
Investment securities	19,847	21,007
Deferred tax assets	4,443	4,159
Other	4,201	5,249
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	28,487	30,412
Total non-current assets	46,854	48,996
Total assets	118,009	130,392

(million yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	4,296	11,484
Current portion of long-term borrowings	500	300
Accounts payable - other	2,672	2,056
Accrued expenses	11,677	12,645
Income taxes payable	584	2,822
Provision for bonuses	6,143	5,314
Provision for bonuses for directors, etc.	175	102
Provision for loss on order received	759	99
Other	3,968	3,517
Total current liabilities	30,777	38,342
Non-current liabilities		
Lease obligations	1,121	991
Provision for retirement benefits for directors	4	7
Provision for share-based compensation	397	445
Net defined benefit liability	9,839	9,817
Asset retirement obligations	1,483	1,497
Total non-current liabilities	12,846	12,759
Total liabilities	43,624	51,102
Net assets		
Shareholders' equity		
Capital stock	6,336	6,336
Capital surplus	4,908	4,908
Retained earnings	54,520	59,529
Treasury shares	(2,393)	(3,262)
Total shareholders' equity	63,371	67,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,229	2,682
Deferred gains or losses on hedges	(3)	16
Foreign currency translation adjustment	(2)	(5)
Remeasurements of defined benefit plans	205	238
Total accumulated other comprehensive income	2,429	2,932
Non-controlling interests	8,584	8,846
Total net assets	74,385	79,290
Total liabilities and net assets	118,009	130,392

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
(Consolidated quarterly statements of income)

(million yen)

	Six months ended March 31 (Oct. 1, 2022 - Mar. 31, 2023)	Six months ended March 31 (Oct. 1, 2023 - Mar. 31, 2024)
Net sales	73,325	66,534
Cost of sales	55,559	49,203
Gross profit	17,765	17,331
Selling, general and administrative expenses	8,473	8,729
Operating profit	9,291	8,601
Non-operating income		
Interest income	0	10
Dividend income	66	71
Share of profit of entities accounted for using equity method	439	491
Other	89	192
Total non-operating income	595	765
Non-operating expenses		
Interest expenses	13	12
Loss on investment partnership management	—	9
Other	37	2
Total non-operating expenses	50	24
Ordinary profit	9,836	9,341
Extraordinary losses		
Loss on retirement of non-current assets	7	25
Impairment losses	59	28
Loss on revaluation of investment securities	—	29
Other	3	3
Total extraordinary losses	70	87
Profit before income taxes	9,766	9,254
Income taxes	2,725	2,621
Profit	7,040	6,633
Profit attributable to non-controlling interests	507	420
Profit attributable to owners of parent	6,533	6,212

(Consolidated quarterly statements of comprehensive income)

(million yen)

	Six months ended March 31 (Oct. 1, 2022 - Mar. 31, 2023)	Six months ended March 31 (Oct. 1, 2023 - Mar. 31, 2024)
Profit	7,040	6,633
Other comprehensive income		
Valuation difference on available-for-sale securities	233	520
Deferred gains or losses on hedges	38	20
Foreign currency translation adjustment	(13)	(3)
Remeasurements of defined benefit plans	7	26
Share of other comprehensive income of entities accounted for using equity method	(16)	8
Total other comprehensive income	249	572
Comprehensive income	7,289	7,206
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,754	6,716
Comprehensive income attributable to non-controlling interests	535	490

(3) Consolidated quarterly statements of cash flows

(million yen)

	Six months ended March 31 (Oct. 1, 2022 - Mar. 31, 2023)	Six months ended March 31 (Oct. 1, 2023 - Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	9,766	9,254
Depreciation	1,819	1,834
Impairment losses	59	28
Increase (decrease) in provision for bonuses	(1,600)	(828)
Increase (decrease) in provision for bonuses for directors	106	(72)
Increase (decrease) in provision for share-based compensation	47	213
Decrease (increase) in net defined benefit asset	16	12
Increase (decrease) in net defined benefit liability	(18)	16
Increase (decrease) in provision for retirement benefits for directors	—	2
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for loss on order received	(25)	(660)
Interest and dividend income	(66)	(81)
Interest expenses	13	12
Share of loss (profit) of entities accounted for using equity method	(439)	(491)
Loss on retirement of non-current assets	7	25
Loss (gain) on valuation of investment securities	—	29
Decrease (increase) in trade receivables and contract assets	(32,180)	(24,822)
Decrease (increase) in inventories	146	(80)
Increase (decrease) in trade payables	11,679	7,188
Increase (decrease) in accrued expenses	2,108	967
Increase (decrease) in accrued consumption taxes	(1,016)	(398)
Increase (decrease) in contract liabilities	(50)	30
Other	(250)	(37)
Subtotal	(9,877)	(7,858)
Interest and dividends received	327	267
Interest paid	(13)	(11)
Income taxes paid	(3,497)	(380)
Cash flows from operating activities	(13,059)	(7,983)
Cash flow from investing activities		
Proceeds from redemption of marketable securities	5,000	—
Purchase of property and equipment	(1,148)	(1,152)
Purchase of intangible assets	(966)	(1,335)
Purchase of investment securities	(11)	(122)
Proceeds from sales of investment securities	44	51
Loan advances	—	(1)
Collection of loans receivable	0	0
Payments of leasehold and guarantee deposits	(21)	(960)
Proceeds from refund of leasehold and guarantee deposits	18	14
Other	4	0
Cash flow from investing activities	2,920	(3,506)

(million yen)

	Six months ended March 31 (Oct. 1, 2022 - Mar. 31, 2023)	Six months ended March 31 (Oct. 1, 2023 - Mar. 31, 2024)
Cash flow from financing activities		
Repayments of long-term borrowings	(200)	(200)
Repayments of lease obligations	(572)	(301)
Dividends paid	(1,315)	(1,203)
Dividends paid to non-controlling interests	(269)	(228)
Purchase of treasury shares	(1,884)	(1,034)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	180	—
Net cash provided by financing activities	(4,061)	(2,968)
Effect of exchange rate change on cash and cash equivalents	(13)	(3)
Net increase (decrease) in cash and cash equivalents	(14,213)	(14,460)
Cash and cash equivalents at beginning of period	27,857	24,926
Cash and cash equivalents at end of period	13,643	10,466

(4) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of material changes in shareholders' equity)

Not applicable.

(Application of special accounting in preparing consolidated quarterly financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying profit before income taxes in the six months under review by a reasonably estimated effective tax rate after the application of tax effect accounting to profit before income taxes in the consolidated fiscal year, including the six months under review.

(Additional information)

(Share-based compensation system linked to operating performance for directors, executives and research fellows)

MRI and certain of its consolidated subsidiaries have introduced a performance-based stock compensation plan ("the Plan") for Directors of MRI and certain consolidated subsidiaries (excluding outside directors, non-executive directors, and directors living outside Japan), executive officers and research fellows who have signed an engagement agreement (excluding those living outside Japan) (collectively referred to as the "Directors or others"). The Plan has been introduced to raise awareness of contributions to improving operating results at the MRI Group and enhancing the corporate value in the medium to long term. The Plan is an officers' compensation system that is closely connected to the MRI Group's results, transparent and objective. The accounting for the Plan is in line with the Practical Solution on Transactions of Delivering MRI's Own Stock to Employees Through Trusts (ASBJ PITF No. 30, March 26, 2015).

1) Overview of transaction

The Plan has a mechanism called a Board Incentive Plan trust ("BIP Trust"). After the resignation of the Directors or others (or the death of the Directors or others), MRI and certain consolidated subsidiaries grant shares of MRI held by the BIP Trust or provides money equivalent to the shares to the Directors or others according to the performance target achievement level.

2) MRI's shares remaining in the trust

The book value of the shares held by the BIP Trust (excluding the incidental expense) is posted in net assets as treasury shares. The book value of the treasury shares and the number of treasury shares were 506 million yen and 141,000 shares, respectively, at the end of the previous fiscal year, and 1,376 million yen and 302,000 shares, respectively, at the end of the six months under review.

(Segment information, etc.)

[Segment information]

I. Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

1. Information regarding amounts of net sales and profit/loss by reportable segment

	Reportable segments		Total	Adjustment (Note 1)	(million yen)
	Think Tank & Consulting Services	IT Services			Amount recorded in the consolidated quarterly statements of income (Note 2)
Net sales					
Outside customers	36,236	37,088	73,325	—	73,325
Inter-segment sales and transfers	41	719	761	(761)	—
Total	36,277	37,808	74,086	(761)	73,325
Segment profit	6,102	3,728	9,831	4	9,836

Notes: 1. The adjustment to segment profit represents the elimination of inter-segment transactions.

2. Segment profit is adjusted in accordance with ordinary profit in the consolidated quarterly statements of income.

2. Information regarding impairment loss of non-current assets or regarding goodwill by reportable segment

For the six months ended March 31, 2023, MRI recorded impairment losses of 44 million yen for Think Tank & Consulting Services and 15 million yen for IT Services.

II. Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

1. Information regarding amounts of net sales and profit/loss by reportable segment

	Reportable segments		Total	Adjustment (Note 1)	(million yen)
	Think Tank & Consulting Services	IT Services			Amount recorded in the consolidated quarterly statements of income (Note 2)
Net sales					
Outside customers	30,433	36,101	66,534	—	66,534
Inter-segment sales and transfers	30	793	824	(824)	—
Total	30,464	36,894	67,358	(824)	66,534
Segment profit	6,233	3,104	9,338	3	9,341

Notes: 1. The adjustment to segment profit represents the elimination of inter-segment transactions.

2. Segment profit is adjusted in accordance with ordinary profit in the consolidated quarterly statements of income.

2. Information regarding impairment loss of non-current assets or regarding goodwill by reportable segment

For the six months ended March 31, 2024, MRI recorded impairment losses of 28 million yen for Think Tank & Consulting Services.

3. Supplementary information

Status of orders received and sales

(1) Status of orders received

The table below shows orders by segment.

Segment name	Six months ended March 31, 2024			
	Orders received (million yen)	Year-on-year change (%)	Order backlog (million yen)	Year-on-year change (%)
Think Tank & Consulting Services	25,144	5.2	22,799	1.2
IT Services	35,559	1.8	46,684	3.8
System development	20,811	4.6	19,745	5.4
Outsourcing services	14,747	(1.9)	26,938	2.6
Total	60,704	3.2	69,483	2.9

Notes: 1. Inter-segment transactions are offset against each other.

2. For services that are provided continually and paid for based on performance, expected sales for a year after the end of the six months under review are stated in the order backlog column.

(2) Sales performance

The table below shows sales by segment.

Segment name	Six months ended March 31, 2024	Year-on-year change (%)
Think Tank & Consulting Services (million yen)	30,433	(16.0)
IT Services (million yen)	36,101	(2.7)
System development (million yen)	21,495	(8.3)
Outsourcing services (million yen)	14,605	7.0
Total (million yen)	66,534	(9.3)

Notes: Inter-segment transactions are offset against each other.